WEEKLY ECONOMIC REVIEW

JULY 15, 2005

The U.S. Agriculture Secretary announced the immediate reopening of the border to Canadian live cattle under 30 months of age, shortly after a Federal Appeals Court overturned an injunction against Canadian cattle imports (imposed by a lower court in March 2005). Canadian cattle exports to the U.S. are expected to resume within days.

The Bank of Canada maintained its key interest rate at 2.5% this week, but indicated in an accompanying statement that interest rate increases are likely in the "near term." Markets now widely expect the Bank of Canada to begin raising interest rates on September 7 (the next fixed announcement date). The Bank of Canada also raised its forecast for 2005 Canadian economic growth slightly, to 2.7%.

Canada's trade surplus fell to just under $4 billion in May (from $4.9 billion in April), as exports declined by 0.5% and imports jumped 2.3%. Rising imports of heavy equipment to Western Canada were cited by Statistics Canada as a key factor contributing to the national increase in imports.

Cdn Dollar (C¢/US$)

July 15, 2005	81.9¢
July 8, 2005	81.9¢
2005-06 YTD	80.6¢

WTI Oil $US/bbl

July 14, 2005	$57.80
July 7, 2005	$60.73
2005-06 YTD	$54.06

Nymex Natural Gas C$/mcf*

August Contract

July 15, 2005	$9.80
July 8, 2005	$9.40

*Estimate based on Nymex Futures Market Price

Energy markets experienced another volatile week amid uncertainties regarding the effects of hurricanes on U.S. refining output, while price sentiment was tempered by a downward revision to the International Energy Agency's forecast for global oil demand.

Alberta's non-residential construction sector continues to show remarkable growth, with investment up 19.2% through the first half of 2005. Alberta housing starts declined to an annual pace of 32,800 in June, but were up 9.4% on a year-to-date basis.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Manufacturing Shipments ($ millions)	**May**			
Alberta	4,879	-0.6%	14.4%	14.8%
Canada	50,155	-0.1%	1.7%	5.7%
International Merchandise Trade ($ millions)	**May**			
Exports	36,250	-0.5%	-1.4%	3.3%
Imports	32,256	2.3%	1.5%	8.0%
Trade Balance	3,994	-18.7%	-19.8%	-21.7%
Preliminary Housing Starts[2]	**June**			
Alberta	32,800	-28.5%	-20.6%	9.4%
Canada	237,200	7.2%	2.3%	-2.6%

Source: Statistics Canada, Canada Mortgage and Housing Corporation

[1] *Year-to-date 2005 compared to the same time period in 2004. For example: January-May 2005 versus January-May 2004.*

[2] *Seasonally Adjusted at Annual Rates*